

Message Text

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PAGE 01 STATE 044060
ORIGIN SS-25

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DRAFTED BY NEA/ARP:D WINN:LB
APPROVED BY NEA:S SOBER
NEA/ARP:J W TWINAM
NEA/RA:W GROSS
PM/SAS:D KEENE
DOD/ISA:T O WILLIAMS
S/S-O:TMARTIN

-----099139 190924Z /23

R 182211Z FEB 78
FM SECSTATE WASHDC
TO AMEMBASSY MUSCAT
INFO AMEMBASSY ABU DHABI
AMEMBASSY DOHA
AMEMBASSY JIDDA
AMEMBASSY LONDON
AMEMBASSY TEHRAN

C O N F I D E N T I A L STATE 044060

EXDIS

E.O. 11652: GDS

TAGS: MASS, MU

SUBJECT: OMANI MILITARY REQUESTS

REFERENCE: MUSCAT 40

1. AMBASSADOR WOLLE'S CONVERSATIONS WITH SOLF AND SOAF
CHIEFS HAVE PROVIDED FURTHER PERSPECTIVE ON SULTAN'S
REQUESTS.

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2. 175'S AND TOW'S. WE UNDERSTAND THAT GEN. O'MORCHOE HAS
RESERVATIONS ON MILITARY GROUNDS AS TO WHETHER 175'S AND
TOW'S ARE APPROPRIATE FOR SOLF. O'MORCHOE'S LACK OF
ENTHUSIASM PARALLELS TENTATIVE THINKING HERE. SHOULD SUB-
JECT BE RAISED AGAIN, AMBASSADOR IS AUTHORIZED TO INFORM
OMANIS THAT GUIDELINES IN PRESIDENT'S WORLDWIDE ARMS
TRANSFER POLICY AND IN U.S. MILITARY SUPPLY POLICY FOR LOWER

GULF RAISE SERIOUS QUESTIONS ABOUT PROSPECTS FOR SALE OF EITHER 175'S OR TOW'S. IN CASE OF 175'S, GUIDELINES DISCOURAGE SALE OR TRANSFER OF HEAVY ARTILLERY WHICH, BECAUSE OF SOPHISTICATION OR OFFENSIVE CAPABILITY, MIGHT BE DESTABILIZING FACTOR IN AREA. (FYI: WE RECENTLY TURNED DOWN SALE OF 155MM HOWITZERS TO QATAR.) IN CASE OF TOW'S, ADDITIONAL TOW'S FOR OMAN COULD LEAD TO FURTHER PRESSURE FROM OMAN'S LOWER GULF NEIGHBORS FOR SALE OF THIS WEAPON.

(FYI: DEPARTMENT HAS RECENTLY DETERMINED TOW WOULD NOT BE SUPPLIED AT THIS TIME TO OTHER LOWER GULF STATES. END FYI).

3. C-130'S. WE INDICATED IN 76 STATE 137065 THAT USG WOULD HAVE NO OBJECTION IN PRINCIPLE TO SALE, AND THIS REMAINS OUR POSITION. IT SHOULD BE MADE CLEAR TO OMANIS, HOWEVER, THAT THERE ARE VIRTUALLY NO PROSPECTS FOR USG CONCESSIONAL FINANCING OF SUCH TRANSACTION, AND THAT OMANIS SHOULD PLAN FROM BEGINNING ON CASH SALE. OMANIS SHOULD ALSO BE MADE AWARE OF RELEVANT LAWS AND REGULATIONS WHICH COULD APPLY TO SALE. UNDER CURRENTLY APPLICABLE LAW, MILITARY HARDWARE DIVIDED BETWEEN TWO GENERAL CATEGORIES, MAJOR DEFENSE EQUIPMENT AND DEFENSE ARTICLES/SERVICES, WITH DIFFERING RULES APPLICABLE TO EACH CATEGORY. C-130 AIRCRAFT ARE CONSIDERED TO BE MAJOR DEFENSE EQUIPMENT, A RULE REQUIRING THAT SALES TOTALLING DOLS 25 MILLION OR MORE BE PROCESSED AS FMS CASES IN ACCORDANCE WITH SEC.38(B) OF THE CONFIDENTIAL

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ARMS EXPORT ACT OF 1976. SUCH SALES WOULD ALSO BE SUBJECT TO REQUIREMENTS OF SEC.36(B). SEC.36(B) PRESCRIBES THAT CONGRESS BE NOTIFIED OF EXECUTIVE BRANCH INTENT TO MAKE A FORMAL OFFER OF SALE (LETTER OF OFFER AND ACCEPTANCE). CONGRESS HAS 30 DAYS (PLUS ADDITIONAL 20 DAYS BY INFORMAL ARRANGEMENT) TO REVIEW SALE DURING WHICH PERIOD IT MAY BLOCK TRANSACTION BY CONCURRENT RESOLUTION OF DISAPPROVAL. WE WOULD HAVE NO OBJECTION TO CONSUMMATING OMANI SALE UNDER FMS PROCEDURES.

4. ALTERNATIVELY, IF COST OF AIRCRAFT ALONE (NOT INCLUDING FOLLOW-ON SPARES AND TRAINING) TOTALS LESS THAN DOLS 25 MILLION, SALE COULD PROCEED ON STRAIGHT COMMERCIAL BASIS. OMANGOV AND LOCKHEED WOULD BE CONTRACTING PARTNERS WITH LATTER PROCURING EXPORT LICENSE FROM OFFICE OF MUNITIONS CONTROL AS CONDITION OF SALE. SUCH TRANSACTION WOULD NOT REQUIRE SEPARATE CONGRESSIONAL REVIEW UNDER SEC.36(B). HOWEVER, CONGRESSIONAL NOTIFICATION IS REQUIRED UNDER SEC.36(C) FOR ISSUANCE OF AN EXPORT LICENSE.

5. AS TO OMAN'S SEEKING SAUDI FINANCING OF C-130 PURCHASES, WE WOULD CONSIDER THIS APPROACH TO BE CONSISTENT

WITH OUR COMMON GOAL OF PROMOTING COOPERATION AMONG PENINSULA STATES. THIS, HOWEVER, IS CLEARLY A DECISION FOR SULTAN AND SAUDIS TO MAKE, AND WE DO NOT WISH TO GET INTO POSITION OF ENCOURAGING SAUDI FINANCING IN SULTAN'S BEHALF. IF SULTAN IS ABLE TO OBTAIN SAUDI FINANCING, WE WOULD PREFER THAT ANY FMS TRANSACTION BE ON STRAIGHT CASH BASIS BETWEEN USG AND OMAN, WITH OMAN FULLY LIABLE FOR PAYMENT AND

RESPONSIBLE FOR GETTING MONEY FROM SAUDIS. IF TRANSACTION WERE COMMERCIAL, QUESTION OF HOW PAYMENTS ARE FINANCED IS MATTER FOR OMANGOV AND PRIVATE SUPPLIER TO DETERMINE.

6. WE REMAIN PREPARED TO ACT ON OMANI REQUEST FOR TWO C-130'S FOLLOWING ASSURANCES THAT OMANIS HAVE ARRANGED
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FOR FINANCING ON CASH BASIS. WE ARE PREPARED TO CONSIDER OMANI JUSTIFICATION FOR THIRD C-130. FOR REASONS OUTLINED ABOVE, WE INTEND TO TAKE NO FURTHER ACTION ON REQUEST FOR 175'S AND ADDITIONAL TOW'S AT THIS TIME.
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